

## DEFENSE APPROPRIATIONS BILL FOR FISCAL YEAR 2005 – H.R. 4613

### SUMMARY

The Defense appropriations bill reported to the House on 18 June 2004 (H.R. 4613; H.Rept. 108-553) provides new budget authority equal to the 302(b) suballocation for the Appropriations subcommittee on Defense.

The bill is consistent with the appropriate levels in the budget resolution for fiscal year 2005 (S.Con.Res. 95, as applied in the House of Representatives by H.Res. 649, 108th Congress). Therefore it complies with provisions of the Congressional Budget Act.

This bill provides spending for programs in the Department of Defense [DOD] and the military services, except military construction. It reflects most, but not all, spending in the National Defense budget function (Function 050), which also includes atomic energy defense activities of the Department of Energy, and smaller programs in the Commerce Department, the Coast Guard, and other agencies.

The bill also contains emergency-designated funding for operations in Iraq and Afghanistan.

### COST OF THE LEGISLATION

As reported, H.R. 4613 provides \$390.931 billion in new budget authority [BA] and \$415.594 billion in outlays for 2005 – an increase of \$24.317 billion in BA and \$23.850 billion in outlays from fiscal year 2004 (not including the Iraq conflict supplemental (Public Law 108-106) (see Table 1 below). Although budget authority in the bill increases by 6.6 percent from the previous year, the reported bill is \$1.655 billion below the President's request.

The bill contains \$25 billion requested by the President as a fiscal year 2005 supplemental for operations in Iraq and Afghanistan. It also includes the repeal of rescission authority provided to the President in last year's omnibus appropriations bill (\$1.8 billion); additional funds for the State Department (\$685 million); and \$95 million for

international disaster relief and migration assistance. The legislation provides that if this bill is enacted in 2005 rather than 2004, this spending – other than the disaster relief and migration assistance – will be counted against the \$50 billion contingency for war-related operations provided for in the budget resolution for fiscal year 2005.

The bill rescinds \$399 million worth of previously enacted BA for Research, Development, Testing, and Evaluation (\$208 million); Procurement (\$141 million); and Operations and Maintenance (\$50 million). Outlay savings from these rescissions total \$184 million.

The bill does not include advance appropriations or savings from mandatory programs.

**Table 1: Defense Appropriations Bill**  
(fiscal years; millions of dollars)

	2004 Spending <sup>a</sup>	Administration 2005	302 (b) for 2005	Bill <sup>b</sup>
Budget Authority	366,614	392,586	390,931	390,931
Outlays	391,744	418,273	415,987	415,594

<sup>a</sup>Does not include \$64.604 billion in BA and \$32.191 billion in outlays included in fiscal year 2004 Iraq conflict supplemental (Public Law 108-106) or the contingent emergency-designated \$27.580 billion in BA and \$128 million in outlays included in this bill.

<sup>b</sup>Does not include \$19.769 billion in outlays flowing from the emergency-designated BA for 2004 included in this bill. Those appropriations are not counted in enforcement of the budget resolution.

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## COMPLIANCE WITH THE BUDGET RESOLUTION

The bill complies with sections 302(f) and 311(a) of the Budget Act. The first of these prohibits consideration of bills in excess of a subcommittee's 302(b) suballocation for new BA. The second, section 311(a), prohibits consideration of legislation exceeding the aggregate levels of BA and outlays established in the budget resolution.

The \$390.931 billion in new discretionary budget authority is the same as the 302(b) suballocation to the House

Appropriations Subcommittee on Defense; outlays are \$393 million less than the allocation. Because no appropriations bills for fiscal year 2005 have been enacted, there is ample room under the BA ceiling and hence the bill would not violate section 311(a).

The emergency-designated appropriations for fiscal year 2004 are not counted in determining compliance with the budget resolution.

**Table 2: Discretionary Spending in the Defense Appropriations Bill**  
(in millions of dollars)

	2004 Budget Authority <sup>a</sup>	2004 Outlays <sup>a</sup>	2005 Budget Authority	2005 Outlays <sup>b</sup>	Difference BA	Difference Outlays
Military Personnel .....	98,311	98,870	104,191	107,503	5,880	8,633
Operations and Maintenance .....	127,602	153,405	138,876	161,273	11,274	7,868
Procurement .....	75,321	74,304	78,505	78,257	3,184	3,953
Research, Development, Testing, and Evaluation .....	64,348	60,094	67,604	65,092	3,256	4,998
Revolving and Management Funds .....	2,602	4,198	1,394	2,882	-1,208	-1,316
All Other .....	-1,570	873	361	587	1,931	-286
<b>Total .....</b>	<b>366,614</b>	<b>391,744</b>	<b>390,931</b>	<b>415,594</b>	<b>24,317</b>	<b>23,850</b>

<sup>a</sup> Does not include \$64.604 billion in BA and \$32.191 billion in outlays included in the fiscal year 2004 Iraq conflict supplemental (Public Law 108-106).

<sup>b</sup> Does not include \$19.769 billion in outlays flowing from the emergency-designated BA for 2004 included in this bill. Those appropriations are not counted in enforcement of the budget resolution.

## DISCUSSION

The bill, as reported, is \$24.317 billion above 2004 spending – excluding the Iraqi conflict supplemental and the emergency appropriations for 2004 in this bill (see Table 2 above). This increase is distributed as follows:

- *Military Personnel, \$5.9 billion:* The bill provides additional funding above 2004 levels for the Army (\$2.1 billion), Air Force (\$1.8 billion), Navy (\$1.3 billion), and Marine Corps (\$689 million). The bill provides \$621 million less than the President's request for military personnel.
- *Operations and Maintenance [O&M], \$11.3 billion:* The bill provides increased O&M funding for the Air Force (\$2.1 billion); Navy (\$1.7 billion); Army (\$1.2 billion); Defense-wide (\$1.1 billion); Marine Corps (\$195 million); Navy and Air Force Reserve (\$124 million); Army National Guard (\$68 million); defense health program (\$1.4 billion) and other operations and

maintenance costs (\$88 million). The bill also does not include \$3.5 billion in rescissions for the Iraqi Freedom Fund that were counted in fiscal year 2004. These increases are partially offset by O&M reductions for the Air National Guard (\$30 million); the Marine Corps Reserve (\$4 million); Army Reserve (\$3 million); and other areas (\$156 million).

Included in these amounts are savings of \$716 million from reductions in working capital fund cash balances (a revolving fund that relies on sales revenue rather than direct appropriations to finance its operations) and rate stabilization adjustments (altering the rate the fund charges a user) (\$316 million); management improvements (\$300 million); and miscellaneous contract reductions (\$100 million).

The bill provides \$1.8 billion less than the President's request for operations and maintenance.

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- *Procurement, \$3.2 billion:* The bill provides a net increase of \$3.2 billion above fiscal year 2004. Increases go to Air Force aircraft (\$1.4 billion); Army aircraft (\$1.0 billion); Army weapons and tracked combat vehicles (\$961 million); ammunition (\$359 million); Marine procurement (\$307 million); Air Force missiles (\$296 million); and other expenses (\$1.9 billion). These increases are offset by reductions in Navy shipbuilding (\$1.2 billion); Defensewide procurement (\$639 million); National Guard and Reserve procurement (\$370 million); Navy aircraft and weapons (\$254 million); chemical agent procurement (\$128 million); Army missiles (\$167 million); Marine and Navy ammunition (\$43 million) and other procurement (\$77 million). The bill also achieves \$189 million in savings from revised economic assumptions.

The bill provides \$2.5 billion more than the President requested for procurement.

- *Research, Development, Testing and Evaluation, \$3.3 billion:* The increase over fiscal year 2004 includes increases in Defense-wide spending (\$2.0 billion); the Navy (\$1.5 billion); the Air Force (\$670 million); and other areas (\$7 million). These costs are partially offset by an across-the-board reduction (\$685 million); revised economic assumptions (\$156 million) and decreases in the Army (\$81 million).

The \$3.3-billion increase over the current year is \$186 million below the President's request.

- *Revolving and Management Funds, -\$1.2 billion:* The bill provides \$1.2 billion less than fiscal year 2004, and \$1.6 billion less than the President's request. The bulk of these savings (\$967 million) stem from a reduction in working capital fund cash balances and rate stabilization adjustments in the Transportation Working Capital Fund.